

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Independent Auditor's Report

Robert Donley, Executive Director
Board of Regents
State of Iowa:


I, Mary Mosiman, CPA, the duly elected Auditor of State, State of Iowa, being first duly sworn, do hereby depose and certify that I am a duly qualified and practicing certified public accountant and that I am not in the regular employ of the Board of Regents, State of Iowa, or of Iowa State University of Science and Technology.

We have audited the accompanying Schedule of Debt Service and Coverage (Schedule) for Iowa State University of Science and Technology as of November 4, 2016 for the Utility System Revenue Refunding Bonds Series I.S.U. 2013, dated June 1, 2013; the Utility System Revenue Bonds Series I.S.U. 2013A, dated November 1, 2013; and the Utility System Revenue Bonds Series I.S.U. 2015 (collectively, the "Parity Bonds"), and for the Utility System Revenue and Refunding Bonds Series I.S.U. 2016 which are scheduled for settlement (the "Bonds") prepared pursuant to the indentures and the Parity Bonds section of the resolutions adopted by the Board of Regents, State of Iowa authorizing the Bonds. The Schedule is the responsibility of Iowa State University of Science and Technology's management. Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit of the Schedule in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying Schedule has been prepared in accordance with the indentures and the Parity Bonds section of the resolutions adopted by the Board of Regents, State of Iowa authorizing the Bonds and Iowa State University of Science and Technology is in compliance with the requirement that the aggregate Net Revenues of the Utility System collected by Iowa State University of Science and Technology during the year ended June 30, 2015 are equal to at least 120% of the maximum amount for both principal and interest that will become due in any fiscal year during the life of (a) the Parity Bonds outstanding as of November 4, 2016 and (b) the Utility System Revenue and Refunding Bonds Series I.S.U. 2016 which are scheduled for settlement pursuant to a resolution adopted by the Board of Regents, State of Iowa, dated October 20, 2016.

This report is solely for the information and use of the Board of Regents, State of Iowa, management of Iowa State University of Science and Technology and Ahlers & Cooney, P.C., and should not be used for any other purpose.


Mary Mosiman, CPA
Auditor of State

November 4, 2016

**IOWA STATE UNIVERSITY SCIENCE AND TECHNOLOGY
UTILITY SYSTEM**

Schedule of Debt Service and Coverage

Fiscal Year Ending June 30,	The Bonds		Debt Service on Outstanding Parity Bonds (b)	Total Debt Service	Coverage to Fiscal Year 2015 Net Revenues (c)
	Principal	Principal and Interest (a)			
2017	\$ -	-	864,607	864,607	(d)
2018	1,200,000	2,057,156	4,018,844	6,076,000	1.67
2019	1,230,000	1,773,138	3,998,794	5,771,932	1.75
2020	1,255,000	1,773,287	3,968,594	5,741,881	1.76
2021	1,280,000	1,772,937	3,952,469	5,725,406	1.77
2022	1,305,000	1,772,087	3,929,994	5,702,081	1.78
2023	1,330,000	1,770,737	3,905,769	5,676,506	1.78
2024	1,355,000	1,768,888	3,903,943	5,672,831	1.79
2025	1,385,000	1,771,488	3,897,518	5,669,006	1.79
2026	1,415,000	1,773,488	3,028,518	4,802,006	2.11
2027	1,445,000	1,774,888	3,027,793	4,802,681	2.11
2028	1,005,000	1,310,387	3,029,019	4,339,406	2.33
2029	1,025,000	1,308,806	3,031,994	4,340,800	2.33
2030	1,045,000	1,304,213	3,036,519	4,340,732	2.33
2031	1,070,000	1,300,100	3,047,319	4,347,419	2.33
2032	1,105,000	1,302,475	3,053,113	4,355,588	2.32
2033	1,135,000	1,298,875	3,063,647	4,362,522	2.32
2034	1,170,000	1,299,300	3,082,625	4,381,925	2.31
2035	1,205,000	1,298,675	1,092,469	2,391,144	4.23
2036	1,240,000	1,297,000	-	1,297,000	7.81
2037	1,280,000	1,299,200	-	1,299,200	7.79
Total	\$ 24,480,000	31,027,125	60,933,548	91,960,673	

(a) Includes the bond principal and interest at a TIC rate of 2.5397460% for the Utility System Revenue and Refunding Bonds Series I.S.U. 2016.

(b) Excludes Utility System Revenue and Refunding Bonds Series I.S.U. 2016 and Utility System Revenue Bonds Series I.S.U. 2006. As of November 4, 2016, principal on the Outstanding Parity Bonds is in the aggregate amount of \$49,660,000, which includes \$4,460,000 of Utility System Revenue Bonds Series I.S.U. 2006 which will be called for redemption on January 1, 2017.

(c) Fiscal Year 2015

Operating revenues	\$ 43,228,102
Operating expenses before depreciation	(33,467,108)
Operating income before depreciation	9,760,994
Investment income	365,462
Net Revenues	\$ 10,126,456

(d) Coverage to Fiscal Year 2015 Net Revenues is 2.24 prior to excluding \$3,666,003 of principal and interest due and paid on November 1, 2016.